

White House Conference on Aging Post-Event Summary Report

Name of Event: Preventing Financial Fraud and Exploitation of the Elderly

Date of Event: August 11, 2005

Location of Event: Western Maryland Hospital Center, Hagerstown, MD 21740

Number of Persons Attending: 12

Sponsoring Organization: ElderSystems, Inc. and Western Maryland Hospital Center

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Priority Issue #1: Elderly people are especially vulnerable to being financially harmed by unscrupulous people because they are disenfranchised, mentally ill, forgetful, defensive, secretive, uninformed, naïve or cognitively impaired making them more vulnerable to swindles or other exploitation.

Seniors are sometimes naïve and purchase services through telephone sales solicitations or unneeded home repairs because they are lonely.

Exploiters sometimes include family members and care providers.

Barriers: There are few financial management or oversight systems in place unless a person is very wealthy or very poor: there is not enough moderately priced help available for “middle class” seniors and their families.

Older people sometimes do not like to discuss their financial affairs with their children for a variety of reasons or financial professionals because of the costs. Children of aging parents may not live nearby to provide support.

Some “financial planners” are commission based versus fee based and may therefore inappropriately “churn” client accounts without oversight.

Proposed solutions: Seniors need more mentors and specialized providers to patiently help them understand the Internet, fraudulent telephone and mail offers and scams. May be ideal intergenerational project.

Support toll-free call in lines to have older people who are unsure if something is a “scam” to call in. Have them call in suspicious incidents.

Assign a paid financial steward to people who are diagnosed with mental illness or other cognitive challenge.

Support development of new awareness campaign: ongoing PSA's, radio talk shows and cable TV info-messages describing the nature of bunko, fraudulent telephone calls, scams, identity theft and what to do if it happens to you.

There should be a national certification and registry for paraprofessional financial stewards who work under the direction of licensed, certified public accountants.

Family budgets should be prepared by **and monitored** for inappropriate changes by financial stewards, licensed caregivers, tax professionals and stewards or CPA's.

Corporations must improve internal data security and have hiring background checks especially if data stored relates to older people.

Care providers should become better trained to identify seniors with cognitive disabilities or related risks.

Priority Issue #2: Identity Theft Prevention and Recovery Assistance Deficiencies

Barriers:

Law enforcement organizations are not adequately staffed to have extensive financial crime prevention programs because physical safety issues are a higher priority.

Law enforcement does not consider ID Theft reports as "crimes" because: (a) multi-jurisdictional nature, and (b) high volume, exceeds law enforcement's capacity to respond.

Fraud and identity theft often originates within the family unit making reporting the crime unlikely or unsafe.

Older people may be ashamed or embarrassed to report an incident

Older people, especially those with cognitive/memory impairments are often not considered "good witnesses".

Proposed solutions: Toll free fraud hot-line resource available 24-7 to enable seniors (and others) to report "shady dealings" and sort out what may be the best response. Well trained, paid and patient responders.

Public/private partnerships between law enforcement and financial stewards to result in a more community outreach and consultative interaction with victims when taking financial crimes police reports.

Fund a national financial crimes, bunko and fraud data base and outreach program using proceeds from the sales of goods seized in raids.

Train and utilize CPA's, tax preparers, other financial services officers and family members to identify symptoms of financial abuse being perpetrated against their clients and elderly loved ones.

Put the person on the Stand BECAUSE he/she is person is impaired:

Priority Issue #3: An increasing number of elderly people are living longer than they had planned and may be outliving their savings. Aging baby boomers will soon be joining this group, adding more demand for the same resources. More older people are moving into Washington County, MD, further stretching the limits of existing resources.

Barriers: Increasing real estate values increase real estate tax burdens, threaten continued home ownership and, therefore, independence for home owners on fixed incomes.

Lack of understanding, or mistrust, about newer products that can provide liquidity (life settlement, reverse mortgages.)

Family members wanting to "take in" elderly loved ones or to temporarily or episodically leave work to care for elderly loved ones are met with employment dis-incentives.

Extremely low pay for direct care providers may either result in higher turnover, reduce quality or not attract a reasonably well-skilled caregiver.

People don't understand when Medicare programs begin and end; naïve reliance on federal programs to pay more.

Proposed solutions: Earlier and more continuing education and outreach by fee-based service providers or educators about Medicare and other financial products.

Tax or other incentives to keep seniors with their families or maximize family member oversight of their care. Offer real estate tax deferrals for seniors on fixed incomes

Flexible workplace benefits, decision support providers and wage subsidies should be available to help working children of aging parents.

Match up single-parent families as rent-payers with seniors living alone and needing both cash flow and companionship. (Operation Match)

More "longevity planning": education and decision support services should be available for high school students, young families, through workplaces and churches and should begin long before an individual

reaches “old age”.

Longevity plans should be facilitated to completion, comprehensive and flexible as a person ages. Should include the full array of legal, financial, medical, sheltering, mental health, transportation, family supports and end of life segments. Should be reviewed at least annually.

Teach more baby-boomers about the financial and social benefits for aging safely in place versus institutionalizing elderly loved ones.

Priority Issue #4: Medical conditions and medications may exacerbate a senior’s vulnerability. Law enforcement is unable to learn enough on the spot to make an informed decision about certain family problems leaving the senior family member more vulnerable.

Barriers: Privacy laws such as HIPPA dilute law enforcement’s effectiveness and hinder their ability to gather needed information.

HIPPA laws prevent inquiry into the medical condition of an elder or other people in their households. This may jeopardize the safety of the elder or other family members. It may also result in an elder being jailed when the “crime” is not being properly medicated; a senior being left in an unsafe environment or not being able to openly or adequately speak about physical or emotional abuse they may be enduring.

Proposed solutions: HIPPA rights should be suspended, or be violated without recourse or penalty by law enforcement if the alternative is a high potential risk of physical harm befalling an elderly person.

Increase penalties for criminals perpetrating crimes against people reasonably known to be at least 65 years old or having some impairment.

Priority Issue #5: There is no “middle ground” in the present legal system to accommodate the increasing number of people needing low-cost, temporary financial oversight or decision support but whom do not want to (or need to) permanently surrender their decision making authority to another person.

Barriers: The guardianship designation is too extreme in many cases; requires a court action and declares a person legally incompetent.

People who have been granted a power of attorney may be able to transact business in the grantor’s name to their disadvantage with no normal reporting responsibility back to the grantor.

Powers of attorney are too unregulated or lax; they may be revoked or modified by the grantor.

There is no “central registry” of who has been granted Powers of

Attorney by transaction or duration.

Fraudulent documents are too easy to procure making vendors more vulnerable without better “know your customer” practices.

“Gaslighting”. People “steal identity” through the power of attorney process and misappropriate assets for their own use. Transaction confirmations are also hijacked so not to go to grantor.

Proposed solutions: Financial and legal authorities should develop a new, more flexible “product” or system that protects a person needing to grant a person power of attorney between guardianships and Powers of attorney and a system of informing vendors who rely on “power of attorney.

More family education about what is a Power of Attorney, when to use it and when/how to revoke it.

Best practices/know your customer rules should require vendors to accept more risk/verify transactions with grantors of powers of attorney.

Grantors of powers of attorney receive confirmations about transactions executed in their names.

Priority #6 New Roles for Existing Organizations

Barriers: Cost of designing, developing and implementing creative, new Applications versus just conducting more research.

Governmental and legal issues: Medicare and Medicaid qualification issues are unnecessarily complicated.

Redefining return on investment: justify payback in long term and/or social terms versus short term “fixes”.

Proposed solutions: Better funding for pilot programs through Commissions on Aging.

More funding and better rewards for public/private partnership models including liability relief and hold-harmless clauses.

Incentivize workplaces with tax credits for offering “older family planning” programs.

Design a coaching service comprised of high quality volunteers like SCORE members and seniors-helping-seniors projects.

IN SUMMARY: Consider funding a pilot project in Washington County: a community “longevity center/mall” model that combines educational, proactive, one-stop public and private resources and fee based decision support services at one campus.